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SUMMARY RECORD OF THE 7th MEETING

Chairman: Mr. BARAC (Romania)
(Vice-Chairman)

CONTENTS

GENERAL DEBATE (continued)

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The meeting was called to order at 3.05 p.m.

GENERAL DEBATE (continued)

1. Mr. MILINTACHINDA (Thailand) said that the revitalization of developing countries' economies required a favourable external environment and a dynamic and equitable free-trade system that provided unrestricted access to markets. Accordingly, Thailand attached great importance to the timely and successful conclusion of the Uruguay Round of multilateral trade negotiations. In a world of enormous disparities in wealth and trading power, the developing countries urgently needed rules that safeguarded their interests in their bilateral trade agreements with developed countries.

2. Regional trade arrangements were taking shape in both Europe and North America, and the manner in which trade policies and measures were applied to non-participating countries under such arrangements, would be crucial. While regional trade arrangements might help rationalize production and promote growth, the developing countries could not depend on them for their development needs. Such arrangements could not substitute for a properly functioning and equitable multilateral trading system.

3. Debt was still a persistent cause for anxiety in many developing countries, especially those in Africa and Latin America. While the efforts made thus far by developed countries to reduce their total debt were appreciated, debt restructuring and debt forgiveness were not enough. Existing debt-reduction schemes must be made more flexible, and the new sources of funds which the developing countries required to improve their economies must be made readily available at low interest rates.

4. The transfer of financial resources from developing to developed countries was a serious problem that must be reversed. To achieve that objective, it was crucial that the exports of great interest to developing countries should have access to markets unimpeded by tariff and non-tariff barriers.

5. Environmental degradation had been caused largely by traditional patterns of industrialization and the developed countries' exploitation of natural resources. It had also been caused by poverty and the fact that the developing countries lacked the technological and material capacity to sustain their development. Thailand looked forward to participating in the United Nations Conference on Environment and Development, which would test the ability of the United Nations system to respond to the challenges posed by a rapidly changing world.

6. Miss TAN Yee (Singapore) said that there had been an increasing trend in recent years towards regional trading arrangements, particularly in the developed countries. While the developing countries had been assured that such regional arrangements would be in conformity with article XXIV of the

(Miss Tan Yee, Singapore)

General Agreement on Tariffs and Trade (GATT) and would not raise trade barriers against third countries, they were concerned that existing common external tariffs against non-members would remain at current levels while the internal tariff and non-tariff barriers among the members of such groupings were removed.

7. Regional economic integration could work in several ways. It could, for example, be an important element of an overall, outward-oriented strategy. If regional trade arrangements succeeded in withstanding the pressure exerted by vested interest groups to increase protectionism, regional integration could contribute to the liberalization of international trade. On the other hand, high common external tariff and non-tariff barriers against trade with third countries would have a negative effect on the growth of world trade.

8. Her delegation was concerned at the growing belief in some quarters that more importance should be placed on regional integration while less importance was placed on GATT. Since its founding, GATT had been a forum in which both rich and poor had been able to come together and negotiate, on the basis of agreed rules, for freer trade that benefited all parties. From the 53 countries that had signed the Final Act embodying the Havana Charter for an International Trade Organization in 1947, the contracting parties to GATT had increased to 100 as of November 1990. The basic tenets of GATT, including the principles of most-favoured-nation treatment, reciprocity and mutually advantageous arrangements, and the impartial settlement of trade disputes, continued to have great relevance. Consequently, it was necessary to strengthen the Agreement for the good of all. Regional integration should only serve as an adjunct to GATT and should help create an even freer international trade environment. No regional arrangement, no matter how effective, could replace GATT, and her delegation urged all parties to find the political will to seek a balanced and speedy conclusion to the Uruguay Round and to work together to achieve an unprecedented period of stable economic growth for rich and poor nations alike.

9. Mr. ACHARYA (Nepal) said that, while the current world situation provided unique opportunities for dealing with interrelated economic and social issues, the rapid deterioration in the economic situation of the majority of developing countries had become a threat to international peace and security. It was therefore time to undertake serious efforts to extricate the developing countries from absolute poverty and deprivation. The international community should support the developing countries' free and unimpeded access to the markets of industrialized countries, seek a workable solution to the problem of indebtedness and increase foreign direct-investment flows to developing countries. In order to ensure adequate lending to the developing countries from official and multilateral creditors, a significant increase in the financial resources of those institutions was absolutely essential.

10. His delegation supported the Secretary-General's proposal for the convening of an international conference on development financing which could

(Mr. Acharya, Nepal)

devise ways of ensuring that developing countries had the resources they needed to integrate their economies into the world economy. Similarly, if the national economic policies of the developing countries had to enhance domestic productivity by restructuring the economies of those countries and encouraging individual initiative, the existence of a favourable international economic environment was no less important. To that end, his delegation called upon the international community to bring the Uruguay Round to a speedy and successful conclusion.

11. Nepal looked forward to the United Nations Conference on Environment and Development, and hoped that it would produce environmentally sound development policies and programmes. The international community must ensure that environmental programmes neither thwarted development initiatives nor imposed conditions on the flow of funds that developing countries so urgently needed.

12. The social and economic situation in the least developed countries had been rapidly deteriorating, with no relief in sight. The weak economic structure of those countries made them ill-equipped to develop their domestic economies and ensure adequate living standards for their populations. In that regard, international understanding and support was as important as the efforts being made by developing countries themselves. Nepal looked forward to the speedy and fruitful implementation of the Programme of Action for the Least Developed Countries for the 1990s adopted by the Second United Nations Conference on the Least Developed Countries.

13. The social and economic conditions of least developed land-locked countries, which included Nepal, had been constantly deteriorating. Millions of people in those countries still lacked decent living conditions. Further measures to assist the land-locked countries, such as trade preferences and simplified transit facilities to those countries, would foster their growth and development.

14. Mr. FERNANDEZ DE COSSIO (Cuba) said that the new world order based on détente was yielding greater dividends for the countries of the North than for the countries of the South. In fact, the developing countries were becoming increasingly marginalized and neglected. There was an alarming tendency to attach stiffer political, social and economic conditions to international economic cooperation - conditions which grew out of free-market philosophies, but which the countries of the North would not dream of imposing on their own citizens. Moreover, commitments undertaken in the Declaration adopted by the General Assembly at its eighteenth special session and in the new International Development Strategy were not being honoured, a situation which cast doubt not only on the credibility of many Governments but also on the credibility and effectiveness of the United Nations itself.

15. While prior commitments might be overlooked under the new world order, poverty, hunger, disease and illiteracy persisted, as did such imbalances as the external debt burden, the net flow of resources from developing countries

(Mr. Fernandez de Cossio, Cuba)

and uncontrollable fluctuation in commodity prices. In the new world order, developing countries were forced to meet donors' conditions in order to receive assistance, but they could not set any requirements of their own regarding investment. They had to sacrifice domestic programmes, subject their peoples to severe adjustment programmes, with disastrous social consequences, and privatize excessively. Yet the international cooperation they so fervently hoped for had not materialized. Those were the realities facing the Second Committee as it began its deliberations and they would pervade every aspect of the Committee's programme of work.

16. The systematic endorsement of specific economic models in United Nations documents - particularly the repeated call for free-market economies and privatization under the guise of management development - was a form of conditionality which showed no regard for the effect of complex historic social and cultural factors on national economies or for the lessons learned from more than two centuries of experience with market economies in developing countries. The failure of socialism in Europe should in no way imply the triumph of capitalism in the third world. Indeed, the United Nations was turning into a financier of private investors, using the resources obtained from contributions by Member States.

17. Cuba had never attempted to impose its ideals or form of development on other countries. The socialist experience in Cuba was unlike that in other countries, and his delegation hoped that no parallels would be drawn. The 1990 edition of the Human Development Report by the United Nations Development Programme bore eloquent testimony to the vastly improved standard of living and greater well-being of the Cuban people. A number of other documents published by organizations of the United Nations system illustrated Cuba's ability to absorb and channel international aid.

18. Some countries were affected more than others by certain injustices in international economic relations. Drawing attention to General Assembly resolution 44/215, on economic measures as a means of political and economic coercion against developing countries, he noted that Cuba had been a victim for more than thirty years of the economic blockade unscrupulously imposed by the Government of the United States of America. That blockade was intended to stir up political and social turmoil, thereby forcing the Cuban people to submit to a political, economic and social order determined by the United States. Clearly, the blockade had had a serious impact on Cuba's external economic relations, and yet no effective action had been taken by the international community to bring it to an end. At the current session, the Secretary-General would report on the implementation of resolution 44/215, and his delegation hoped that the General Assembly would denounce economic coercion more vigorously and call for its elimination as a bold move under the so-called new world order.

19. In conclusion, as a member of the Group of 77, his delegation fully supported the Declaration issued by the Group's Ministers for Foreign Affairs on 30 September 1991.

20. MR. HUSLID (Norway), speaking on behalf of the Nordic countries, said that, at a time of new opportunities, there were growing hopes that the United Nations might assume a fuller role as an agent for growth and development. There now seemed to be a general consensus that a free-market economy was central to an effective economic policy. But it was also increasingly recognized that development of human resources, democratic political processes and respect for human rights were necessary preconditions for sustainable development, that men and women alike must participate in economic life, and that the income and wealth generated by economic development must be distributed in a socially equitable manner. Thus, not everything could be left to the market. Governments also had a vital role to play in creating the conditions for just, stable and equitable societies and for environmentally sustainable development.

21. With the Gulf crisis, the United Nations had at last began to play its proper role in the political field, and the time had come for it to assume its role and responsibilities in the economic field as well. Its work needed to be better focused, its debates and resolutions more effective. The Organization must become more responsive to change, concentrating on those questions to which it was best able to make a direct and practical contribution. In the case of the Second Committee, the time had come for members to scrutinize the composition of its agenda as well as its working methods. While improvements in structures and procedures were important, it was above all the substance discussed and the decisions taken that were crucial to the Committee's importance and relevance.

22. Action should be taken in three areas. First, the Committee's debates should be made more politically relevant by coordinating them more closely with the work being done in other forums. That would often require better coordination of national positions across those forums. The role of the Second Committee should be to send as strong a political signal as possible, in order to command the attention of decision-makers in capitals.

23. Secondly, the quality of the Committee's analyses should be improved, so as to make its arguments more forceful. More often than not, resolution proposals seemed to have been drafted without reference to the many excellent analyses provided by the Secretariat, and in particular by the Department of International Economic and Social Affairs, as well as by other organizations and institutions. If the Committee disagreed with their arguments and conclusions, it should take those bodies to task, not simply ignore them.

24. Thirdly, the Second Committee should be a place for candid exchanges of views. Economic and social issues must be seriously discussed, and the global interrelatedness of the issues recognized. The developing countries must also recognize that interrelatedness in their national policies for that was the only effective way they could increase political pressure on developed countries with regard to such crucial issues as official development assistance, market access, technology transfers and assistance for environmental measures.

(Mr. Huslid, Norway)

25. The developing countries seemed to view the Second Committee as a vehicle for stating their collective positions through their concerted action in the Group of 77. If that was the case, it was in their interest to ensure that the Committee's work had greater impact. The fact was, very few of the many resolutions on economic questions adopted at every session had any significant influence over Member States' policy-making processes, and the very number of resolutions adopted ought perhaps to be reviewed. The Committee could greatly enhance the political impact of its work by adopting only a small number of resolutions, which were directly relevant to the most important problems of the day.

26. After implementing the reforms he had outlined, the Committee should be able to make a much stronger statement on the burning issue of poverty than had been made in the previous year's resolution. Had it taken more time and considered the matter in greater depth, identifying ways and means of attacking the problem, the Committee might have been listened to. That was just one example of the positive changes the Nordic countries were seeking, with a view to giving the Second Committee a stronger and more meaningful role.

27. Mr. MLLOJA (Albania) said that the recent transformations in Central and Eastern Europe had led to the dismantling of political and economic structures that had become outdated and had proved sterile. The move by those countries towards democratization and the market economy implied closer cooperation and ties between all European countries. It was thus evident that the fate of democratization would depend to a large extent on the solutions that were found to acute economic problems through a revitalization of the North-South dialogue. Poverty was in fact the main threat to world security.

28. Albania, which had embarked on the irreversible process of democratization, was seeking its place in the new system of international relations. Having emerged from a one-party system and a bureaucratic centralized economy that had made a fetish of the principle of self-reliance, thereby isolating the country from the outside world, the new Government had undertaken an ambitious programme of economic reforms encompassing all areas of the economy and the State structure. The Government had two major objectives: first, to halt the decline of the economy and to begin to stabilize it; and second, to begin the gradual implementation of a programme to transform a highly centralized economy into a market economy.

29. The essence of that programme was the privatization of the economy and the legal protection of private property. Privatization had already affected such sectors as trade, services and communications, and would be extended to medium-sized and large enterprises in other sectors. Under the terms of the privatization law, the State undertook to protect the private sector and to assist in consolidating it. Those transformations would be coupled with a price reform, the main objective of which was to liberalize prices in order to bring them closer into line with value and international prices. A phased wage increase would mitigate any undesirable socio-economic side-effects.

(Mr. Mlloja, Albania)

30. Economic reform could not succeed without the participation and support of foreign capital. Government policy and legislation thus encouraged the creation of favourable conditions for foreign investment and activity by joint enterprises. The Albanian people also looked to international bodies, including the United Nations and its specialized economic and financial agencies, for assistance.

31. While the political changes in Albania had been implemented in record time, those in the economic field still faced great difficulties. The highly centralized and isolated economy needed further reform. The productive system inherited from the former regime was not yet equal to the task of ensuring rapid economic development. The country was also suffering from a shortage of basic foodstuffs and a general crisis of confidence. Consequently, the emergency aid provided by the developed countries was seen as the salvation of Albanian democracy and as vital to the initial stage of the economic reform.

32. The task of setting up new economic, political and legal structures so that Albania might become a worthy member of the great European family was a considerable one. Nevertheless, his Government was determined to forge ahead, pursuing its integration in Europe and the world through closer economic, trade, technical and financial relations with the European Community, the European Free Trade Association, GATT and other regional groupings. The process of pan-European cooperation and its pillar, the European Economic Community, would mitigate and finally eliminate the economic and social disparities between European countries and pave the way for an economic upsurge on a European scale. His delegation was confident that the United Nations, too, would step up assistance to poor countries with development problems, thereby furthering the process of democratization and the creation of a more equitable international system of economic cooperation.

33. Mr. MISSARY (Yemen), expressed his delegation's full support for the statement made by the representative of Ghana on behalf of the Group of 77 and said that the task of the General Assembly was to define a new concept of international economic cooperation and promote the North-South dialogue. Given the importance of democracy for countries receiving development aid and emergency relief funds, the democratic processes currently under way in the newly united Yemen were significant. The Gulf war had inflicted huge economic and social burdens on his country, and development was further hampered by the sudden return of 1 million expatriate workers in addition to the enormous influx of refugees from the Horn of Africa. Such considerations exacerbated the task of merging the economic and social structures of the two Yemens after unity and hindered the transition from a centrally planned to a market economy in which the private sector had a new role to play in development.

34. Yemen was engaged in efforts to develop its natural oil and mineral resources and had committed itself to expanding foreign investment in the country and reviving the strategic importance of Aden as an international free

(Mr. Missary, Yemen)

zone. He therefore hoped that the international community would provide assistnace to help Yemen overcome its present problems and exploit its natural wealth. Yemen supported disarmament and reductions in military expenditure that would liberate funds for economic and social development. In common with most other developing countries, however, Yemen had a foreign debt burden, and he expressed his country's gratitude to the Governments of the Netherlands, Germany and France for cancelling Yemen's outstanding debts to them.

35. Finally, he hoped that the Soviet initiative on the least developed countries put forward at the forty-fifth session of the General Assembly would be implemented and that the forthcoming United Nations Conference on Environment and Development would produce positive recommendations. His delegation supported the Secretary-General's proposal to convene an international conference on development financing and eagerly awaited the results of the eighth session of the United Nations Conference on Trade and Development (UNCTAD).

36. Mr. AKSIN (Turkey) said that, ultimately, the integration of Central and Eastern Europe and the Soviet Union in the global economy should benefit the developing countries. Positive steps taken thus far to alleviate the external debt burden had been modest when weighed against the magnitude of indebtedness and the strides made in the political sphere. His delegation remained convinced that expanding trade rather than aid would be the greatest boon to development. In that connection, the lack of any significant progress in trade liberalization in recent years and the stalemate of the Uruguay Round were detrimental to all. His delegation welcomed the appeal made by the Group of Seven for the successful conclusion of the Uruguay Round before the end of the year. That would set the stage for greater progress at the eighth session of UNCTAD in February 1992.

37. Interdependence in the international economic system was a dominant theme as the countries of Eastern Europe and the developing countries struggled to put their economies back in order. Adopting certain economic policies that were acknowledged to produce steady growth could ensure that, unlike the 1980s, the 1990s would not be a lost decade. Those policies had been successfuly implemented in Turkey and should be emulated by other countries. Efforts must also be focused on redressing the social imbalances caused by poverty.

38. The United Nations must play a greater role in disaster mitigation. To that end relief activities must be better coordinated and bolstered by adequate financial resources. Funding for disaster relief might be increased through the establishment of a revolving voluntary fund that would be administered by the Secretary-General. The environmental consequences of disaster should be addressed by the United Nations Conference on Environment and Development.

39. Mr. KRAVETZ (El Salvador) expressed support for the statement made by the representative of Ghana on behalf of the Group of 77. At the Ibero-American Summit, held at Guadalajara, Mexico, in July 1991, the Ibero-American Heads of State and Government had considered the major challenges confronting their countries in a changing world and approaches to common problems based on dialogue, cooperation and solidarity. That same spirit should guide the deliberations of the Second Committee.

40. The Central American countries intended to focus their attention during the current session on the themes of international cooperation for poverty eradication, the United Nations Conference on Environment and Development, human resources development, human settlements, the International Decade for Natural Disaster Reduction, the environment, and operational activities for development. Their joint effort reflected the strong feeling of unity that prevailed in Central America and the energetic movement there towards regional integration.

41. His Government was working hard to achieve peace in the country. A new era of peace, however, would bring with it new economic challenges, and Salvadorians would increasingly look to international economic cooperation for help in meeting those challenges.

42. Mr. TRINH XUAN LANG (Viet Nam) said that the developing countries found it increasingly difficult to progress as they dealt with the changes wrought by international developments in the social, political, economic, scientific and technological spheres. With few exceptions, most prospects for revitalized growth and development in developing countries were bleak since the adjustments, reforms and restructuring those countries had introduced had been hampered by an adverse international economic environment.

43. There was an urgent need for substantial national and international efforts to promote growth and sustainable development in poor developing countries. While it was true that the primary responsibility for their economic growth and development must be shouldered by the people and Governments of the developing countries themselves, the developed countries had a moral and practical responsibility to improve the international economic environment. Priority should be given, inter alia, to: increasing net capital flows to the developing countries; introducing a rapid and bold solution to the debt problem of poor developing countries without discrimination; establishing a dynamic and equitable trading system free from discriminatory restrictions and protectionist barriers; and removing obstacles to the transfer of technologies needed for environmentally sustainable growth and development in the developing countries.

44. The United Nations had a vital role to play in strengthening genuine international cooperation, and important steps in that direction had been taken with the recent adoption by the General Assembly of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Strategy for the Fourth United Nations Development

(Mr. Trinh Xuan Lang, Viet Nam)

Decade. It was now time to honour those commitments, not merely with statements of political will, but through the implementation of comprehensive and workable measures. His delegation strongly supported the remarks made on that subject by the representative of Ghana on behalf of the Group of 77 at the Committee's 3rd meeting.

45. The policies of economic reform and renewal which his Government had initiated in 1987 had resulted in dynamic improvements in the social and economic life of his country, and the Government now planned to address urgent economic and social problems while ensuring a stable political environment conducive to growth and development. Significant results had already been achieved, particularly with respect to agricultural production, inflation, monetary, financial and price reforms, trade and exports, and investment and joint ventures with foreign partners. That was particularly impressive given the legacy of devastation wrought by decades of war and the 16-year-old trade and economic embargo arbitrarily imposed on his country.

46. Viet Nam had recently formulated a national socio-economic development strategy to the year 2000 which aimed to develop the full potential and productive forces of the individual and the community. Another objective was to ensure that, under a more diversified economy, all sectors, including the private sector, would be able to thrive within the regulatory legal framework to be elaborated by the State. The strategy also provided policy and action guidelines in the social sector and in the areas of environmental protection and natural resources management.

47. His country sought to diversify its economic relations and make them more multilateral. Viet Nam also planned to expand its trade with countries, economic organizations, foreign firms and individuals on the basis of equality, mutual benefit and respect for national independence and sovereignty, and would actively participate in regional and global efforts to promote sustainable growth and development cooperation.

48. Mr. ARRIA (Venezuela) said he hoped that the positive international political developments under way would be translated into greater understanding and cooperation among States; political will was crucial for the attainment of those goals. The new international order that was envisaged should pave the way for agreements on economic cooperation and international development. The additional resources generated by disarmament should be channelled into international economic and social development programmes.

49. Statistics from the most recent annual report of the World Bank showed that, while the countries of Latin America and the Caribbean had experienced far-reaching political and economic changes, the current situation and future outlook there were cause for considerable concern. His delegation appealed to financial institutions to take steps within the framework of the United Nations system to identify the mechanisms needed to ensure development financing during the 1990s, and it endorsed the Secretary-General's proposal

(Mr. Arria, Venezuela)

to convene an international conference on development financing in the near future.

50. Africa continued to face serious problems. Indeed, over half of the developing world lived in extreme poverty, which posed a serious obstacle to the consolidation of democracy, respect for human rights and social health. Although the countries of Latin America and the Caribbean had introduced structural adjustments which represented major social sacrifices for their people, the developed countries' response to those efforts had been inadequate.

51. The meeting in Paris three months earlier of oil-producing and consuming countries, held at the behest of his Government had yielded important conclusions on future information exchanges. At the end of November, the Heads of State of 15 developing countries from all parts of the world, as well as businessmen from those countries, would meet at Caracas to elaborate modalities for cooperation with the developed countries and devise initiatives to strengthen and broaden South-South relations.

52. The commodities of the developing countries faced more, and increasingly ingenious, barriers to the markets of the developed countries. The developing countries had done their part, and the United States of America, the European Community and Japan now bore primary responsibility for ensuring the success of the Uruguay Round.

53. The eighth session of UNCTAD would provide the international community with a valuable opportunity to stimulate international negotiations on questions of trade and development in the light of the new realities of the world economy. The United Nations Conference on Environment and Development would be the ideal forum for elaborating specific agreements aimed at ensuring environmentally sound and sustainable development. His country was participating actively in the preparatory work for the Conference. The developed countries could not deny the right of the developing countries to grow, and cooperation must be viewed not as a form of charity but as a necessity. Accordingly, the developed countries must acknowledge their responsibilities and demonstrate the requisite political will to discharge them, for the success or failure of the Conference would depend on the follow-up action that was taken later.

54. Mr. HANDOE (Suriname) reviewed the major factors responsible for the continued bleak prospects of the developing countries, emphasizing that the substantial population growth projected for the coming decade would place an additional strain on the economies of those countries. Fortunately, the close relationship between controlled population growth, human development and economic growth was widely recognized, and Governments and the international community should promote human development policies which focused on education and training.

(Mr. Nandoe, Suriname)

55. The fact that few countries had benefited from the application of the international debt strategy made the successful conclusion of the Uruguay Round all the more important. It was essential to reduce the developing countries' external debt burden so that their many years of adjustment efforts could lead to greater growth. At the same time, the successful conclusion of the Uruguay Round should result in a trading environment that was more open to the commodities of the developing countries.

56. The forthcoming session of UNCTAD would provide an opportunity for further analysis of the multilateral trading system and the usefulness of that system for global development efforts. Appropriate measures to permit UNCTAD to function more effectively should also be considered.

57. Experience had repeatedly demonstrated the inaccuracy of the notion that the economies of the developing countries would automatically benefit if the progress was assured in the developed countries. Increasingly, the fate of many developing countries was influenced by the perceptions and policies of Governments of the industrialized countries and by the multilateral institutions which a few of those Governments controlled. While it was true that open markets encouraged individual initiative and that human resource development triggered sustained economic growth, it must be acknowledged that markets did not operate in a vacuum and that Governments must take action to ensure that a basic infrastructure was in place and that their people were educated and healthy. In that connection, he welcomed the willingness of the States members of the European Community to open frank discussions and give increased support to institution- and capacity-building and new initiatives to enhance sound economic policies for sustainable development.

The meeting rose at 5.25 p.m.